

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BONN

INFO AMEMBASSY DAMASCUS

C O N F I D E N T I A L STATE 001971

E.O. 11652: N/A

TAGS:PFOR, EGIN, EINV, SY, US

SUBJECT:CLAIMS AGAINST SYRIA: DEUTSCHE TEXACO

REFS: (A) DAMASCUS 8155, (B) STATE 293942

1. CECIL OLMSTEAD OF TEXACO WILL VISIT BONN JANUARY 14
FOR DISCUSSIONS WITH EMBASSY AND FRG OFFICIALS OF CLAIM
OF DEUTSCHE TEXACO AKTIENGESELLSCHAFT (DTA) AGAINST
SYRIA. PFUND WILL BE RECEIVING REQUEST FOR APPOINTMENT.

2. DEPARTMENT HAS DECIDED THAT DTA CLAIM SHALL BE
DELETED FROM THE LIST OF CLAIMS TO BE PRESENTED TO
SYRIA BY USG BUT THAT, SINCE THE BENEFICIAL INTEREST IN
THIS 34,000,000 DOLLAR CLAIM IS WHOLLY AMERICAN, THE
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USG WILL LEND POLITICAL SUPPORT THROUGH DIPLOMATIC
CHANNELS TO FRG IF IT SHOULD DECIDE ANEW TO PRESS THE
DTA CLAIM AGAINST SYRIA. DATA PROVIDED DEPARTMENT BY
TEXACO CONFIRMS THAT SARG MINISTER OF INDUSTRY ON
DECEMBER 23, 1964, ASSURED CONCORDIA (SUBSIDIARY OF
DEUTSCHE ERDOL, WHICH LATTER WAS ACQUIRED BY TEXACO IN
1966) THAT "THE STATE WILL COMPENSATE YOU WITH THE

VARIOUS EFFECTIVE EXPENSES, YOU HAVE INCURRED FOR RE-
SEARCH, EXPLORATION AND DISCOVERY OF THE PETROLEUM IN
THE SOUEDIE FIELD IN COMPLIANCE WITH THE REGULATIONS
FOLLOWED IN SIMILAR CASES." BUT REPEATED EFFORTS OF
CONCORDIA AND OF FRG ACTUALLY TO ELICIT A SYRIAN
OFFER OF COMPENSATION OR PAYMENT, OR EVEN TO BRING
ABOUT NEGOTIATIONS ON CONCORDIA'S CLAIM, HAVE BEEN
FRUSTRATED BY SARG.

3. FOLLOWING YOUR DISCUSSIONS WITH OLMSTEAD, AND
AFTER OLMSTEAD HAS TALKED WITH FRG OFFICIALS,
WE CONTEMPLATE THAT EMBASSY WILL INFORM FRG THAT: USG
HAS BEEN REQUESTED BY TEXACO TO PRESS SYRIA TO SETTLE
THE DTA CONCORDIA CLAIM. AN INFORMAL APPROACH TO SYRIA
BY U.S. EMBASSY, INCLUDING THIS CLAIM ON A LIST OF
CLAIMS, ELICITED A STRONGLY NEGATIVE SARG REACTION FROM
MINISTER OF ECONOMY AND FOREIGN TRADE DR. MOHAMMED
AL-IMADI, ON THE STATED GROUND THAT CONCORDIA'S CLAIM
Arose WHEN ITS PARENT WAS GERMAN AND NOT U.S.-OWNED. AS A
MATTER OF INTERNATIONAL LAW, SYRIA HAS A GOOD TECHNICAL
DEFENSE. ON THE MERITS, INsofar AS WE HAVE BEEN INFORMED
OF FACTS, AND IN VIEW OF 1964 SARG LETTER, TEXACO'S
CASE FOR COMPENSATION SEEMS STRONG (WE ARE NOT IN POSITION
AT THIS POINT TO PASS UPON THE PRECISE SUM OF COMPENSA-
TION DUE). USG NATURALLY HAS AN INTEREST IN THE COM-
PENSATION OF THE BENEFICIAL INTERESTS OF ITS NATIONALS
EVEN IF IT IS NOT IN A POSITION TO ESPOUSE A CLAIM AS
A MATTER OF INTERNATIONAL LAW, NOT SIMPLY BECAUSE IT
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WISHES ITS NATIONALS TO BE TREATED JUSTLY BUT BECAUSE
ITS CONCERN IN UPHOLDING THE PRINCIPLE AND PRACTICE OF
ADEQUATE COMPENSATION IN CASE OF EXPROPRIATION OF ALIEN
PROPERTY AND CONTRACTUAL RIGHTS IS A MATTER OF ESTA-
BLISHED NATIONAL POLICY. WE APPRECIATE THAT FRG HAS AN
IDENTICAL POLICY, AS MANIFESTED, E.G., IN THE POSITION OUR
TWO GOVERNMENTS TOOK ON THE CHARTER OF ECONOMIC RIGHTS
AND DUTIES OF STATES. MOREOVER, ON A MATERIAL PLANE,
EVEN THOUGH BENEFICIAL INTEREST IN CONCORDIA AND DTA
IS NOW AMERICAN, WE UNDERSTAND THAT, IF SYRIA SETTLES
CONCORDIA'S CLAIM, TAX BENEFIT TO FRG WOULD BE ENTAILED.
ACCORDINGLY, IF, AS WE HOPE, FRG SHOULD DECIDE, IN
RESPONSE TO DTA'S REQUEST, TO TAKE UP CONCORDIA'S CLAIM
ANEW AND PRESS IT, USG WILL, IN CONCERT WITH FRG, LEND
THAT CLAIM POLITICAL SUPPORT, THROUGH
DIPLOMATIC CHANNELS, POINTING OUT TO SARG THAT USG
EXPECTS THE BENEFICIAL INTERESTS OF ITS NATIONALS TO
BE DEALT WITH FAIRLY AND THAT SETTLEMENT IN THIS CASE
APPEARS TO HAVE BEEN UNDULY POSTPONED.

4. WE SHALL CONFIRM YOUR MAKING FOREGOING APPROACH
AFTER YOUR REPORT ON YOUR MEETING WITH OLMSTEAD.

5. IN YOUR DISCUSSIONS WITH OLMSTEAD, PLEASE REITERATE
INQUIRY WE HAVE PUT TO HIM AS TO WHETHER FRG IN 1963,
IN NEGOTIATIONS WITH SYRIA FOR LOAN FOR EUPHRATES
DAM, AGREED TO WAIVE CONCORDIA'S CLAIM. THE
CHRONOLOGY OF CONCORDIA'S CLAIM SUPPLIED BY TEXACO,
WHICH BEGINS IN 1964, IS INCONSISTENT WITH THIS
SYRIAN CONTENTION, WHICH WE HAVE DIFFICULTY IN
UNDERSTANDING SINCE CONCORDIA'S CLAIM APPARENTLY DID
NOT ARISE UNTIL 1964.
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